

INTERPRETIVE MEMO

[X] 3SquaresVT Rule Interpretation

[] Procedural Instruction

This memo remains effective statewide until it is specifically superseded – either by a subsequent memo or by a contradictory rule with a later date.

Please file in your manual facing the page indicated below.

Facing page 273.8e8 **Effective date of this memo** 9/11/2012 **Page** _____

This memo: ☒ is new ☐ Replaces one dated _____

Affordable Care Act premium rebates

According to the Affordable Care Act, Public Law 111-148, insurance carriers must reimburse consumers if less than 80% of premiums are spent on medical care. The remaining 20% of the premiums are to go toward administrative costs. This is known as the 80/20 rule, also called the Medical Loss Ratio (MLR). These rebates must be paid by August 1 of each year and can come in different forms.

For 3SquaresVT purposes:

If the rebate is paid as a check or direct deposit it is a non-recurring lump-sum payment. There is no guarantee a household will receive a rebate every year. These payments are excluded as income but counted as a resource in the month received.

If the rebate is in the form of a reduction from premiums or in a manner that is not in the form of a payment it is not counted as income or a resource.

7B4